TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE

FISCAL MEMORANDUM

HB 2033 - SB 1990

February 23, 2022

SUMMARY OF BILL AS AMENDED (014093): Clarifies the threshold at which assessments and indebtedness, as a percentage of the fair market value of a subject property, affect the eligibility of the property to participate under the Commercial Property Assessed Clean Energy and Resilience Act (C-PACER).

Expands the definition of "commercial property" and "program administrator" to include property owned by certain entities.

Authorizes a local government to apply the proceeds of an enforcement action in the same manner as it applies the proceeds from enforcement actions for delinquent property taxes.

Requires the consent of the appropriate state or local governmental entity prior to the approval of or change to financing on a leasehold owned by the state or a local government, but leased to a privately-owned entity. Holds the state or local government harmless if the privately-owned entity to which the leasehold is leased defaults on a financing agreement for a leasehold change.

FISCAL IMPACT OF BILL AS AMENDED:

NOT SIGNIFICANT

Assumptions for the bill as amended:

- The proposed legislation clarifies that Tenn. Code Ann. 68-205-106(2) requires:
  - The amount of the assessment plus any existing indebtedness on the property not exceed 90 percent of the fair market value of the property; and
  - The amount of the assessment not exceed 25 percent of the fair market value of the property.
- Clarifying the threshold at which assessments and indebtedness affect eligibility to participate under the C-PACER will not result in any significant impact to local government.
- The proposed legislation expands the definitions of:
  - "Commercial property" to include property owned by this state or a local government entity, but leased to a privately-owned entity; and
  - "Program administrator" to include:

    - A quasi-governmental organization such as an industrial development corporation, housing authority, or health, educational, and housing facility board; and
    - A capital provider.
- Expanding the definitions of “commercial property” and “program administrator” is not estimated to have any significant fiscal impact to state or local government.
- Tennessee Code Annotated § 67-5-2501 authorizes the proceeds from a delinquent tax sale to be applied to the costs and fees incident to the collection. The proposed legislation would likewise authorize the local government to apply proceeds from an enforcement action to the payment of the actual costs of the enforcement action.
- These enforcement action costs are already paid through local general funds; therefore, authorizing local governments to use these proceeds directly will not result in an overall fiscal impact.
- Requiring a state or local governmental entity to approve financing or any change on a leasehold owned by the state or a local government, but leased to a privately-owned entity will have no significant fiscal impact to state or local government.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

Krista Lee Carsner

Krista Lee Carsner, Executive Director

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